

Commissioner of Insurance

Comparison of Budgeted to Total Recommended

Means of Financing & Table of Organization	Existing Oper Budget as of 12/02/03	Recommended FY 2004-2005	Total Recommended Over/ Under EOB
General Fund (Direct)	\$0	\$0	\$0
Total Interagency Transfers	0	0	0
Fees and Self-generated Revenues	23,252,161	24,998,510	1,746,349
Statutory Dedications	898,870	991,720	92,850
Interim Emergency Board	0	0	0
Federal Funds	223,186	209,436	(13,750)
Total	\$24,374,217	\$26,199,666	\$1,825,449
T. O.	273	273	0



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Administrative

The mission of the Administrative/Fiscal Program is to provide through revenue, fiscal and human resources management, information systems technology, supplies and equipment, physical plant, etc. the necessary support for those divisions with regulatory responsibilities and to provide management oversight and regulatory coordination for the entire department.

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General Fund (Direct)	\$0	\$0	\$0
Total Interagency Transfers	0	0	0
Fees and Self-generated Revenues	5,452,484	8,936,187	3,483,703
Statutory Dedications	30,000	30,000	0
Interim Emergency Board	0	0	0
Federal Funds	0	0	0
Total	\$5,482,484	\$8,966,187	\$3,483,703
T. O.	67	67	0

Major Changes from Existing Operating Budget

Justification	Funding Source	Amount
Technical adjustment to correct the reporting of expenditures and budget for each program.	Fees and Self-generated Revenues	\$2,682,914
	Total	\$2,682,914
Capitol Park Security	Fees and Self-generated Revenues	(\$297,597)
	Total	(\$297,597)
Office of Information Technology Projects	Fees and Self-generated Revenues	\$663,958
	Total	\$663,958



Performance Measures

Objectives	Performance Indicators	Existing Performance Standards FY 2003-2004	Performance at Executive Budget Level FY 2004-2005	Executive Budget Over/Under EOB
Through the Office of the Commissioner, to retain accreditation by the National Association of Insurance Commissioners (NAIC).	Percentage of accreditation by the National Association of Insurance Commissioners retained	100%	100%	0%
Through the Internal Audit division, to identify the adequacy or weakness of the department's internal control processes by performing scheduled internal audits, and assuring that there are no repeat findings in the legislative auditor's annual report.	Number of repeat findings in legislative auditor's report	0	0	0

Market Compliance

The mission of the Market Compliance Program is to promote a financially sound, consumer-responsive insurance industry in the state through fair, consistent enforcement of the state's laws, rules and regulations related to the business of insurance and to propose new laws as necessary.

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Means of Financing & Table of Organization	Existing Oper Budget as of 12/02/03	Recommended FY 2004-2005	Total Recommended Over/ Under EOB
General Fund (Direct)	\$0	\$0	\$0
Total Interagency Transfers	0	0	0
Fees and Self-generated Revenues	17,799,677	16,062,323	(1,737,354)
Statutory Dedications	868,870	961,720	92,850
Interim Emergency Board	0	0	0
Federal Funds	223,186	209,436	(13,750)
Total	\$18,891,733	\$17,233,479	(\$1,658,254)
T. O.	206	206	0

Major Changes from Existing Operating Budget

Justification	Funding Source	Amount
Technical adjustment to correct the reporting of expenditures and budget for each program.	Fees and Self-generated Revenues	(\$2,727,731)
	Administrative Fund-Department of Insurance	\$44,817
	Total	(\$2,682,914)
Provides funding for operational expenses for the department to perform examinations of domestic companies within the statutory requirements at least once every five years.	Fees and Self-generated Revenues	\$750,788
	Insurance Fraud Investigation Fund	\$94,532
	Total	\$845,320
Provides funding for the Market Conduct Section of the Department of Insurance (DOI) monitors the market activities of insurers to assure fair policy holder treatment in accordance with Louisiana statutes, rules and regulations.	Fees and Self-generated Revenues	\$200,000
	Total	\$200,000
Increase Fees and Self-generated Revenue and decrease Statutory Dedications - Insurance Fraud Investigation Fund to correct the reporting of means of financing in the program.	Fees and Self-generated Revenues	\$30,000
	Insurance Fraud Investigation Fund	(\$30,000)
	Total	\$0
Increase Statutory Dedications - Insurance Fraud Investigation Fund and decrease Federal Funds to correct the reporting of means of financing in the program.	Federal Funds	(\$13,750)
	Insurance Fraud Investigation Fund	\$13,750
	Total	\$0



Performance Measures

Objectives	Performance Indicators	Existing Performance Standards FY 2003-2004	Performance at Executive Budget Level FY 2004-2005	Executive Budget Over/Under EOB
Through the Licensing Division of the Office of Licensing and Compliance, to oversee the licensing of producers in the state and to work with the Information Technology Division to effect a smooth transition to the e-commerce environment.	Number of new producer licenses issued	15,500	18,000	2,500
	Number of producer license renewals processed	33,800	30,000	(3,800)
	Number of company appointments processed	325,000	415,000	90,000
Through the Company Licensing Division of the Office of Licensing and Compliance, to review company applications and filings within an average of 60 days.	Percentage of company filings and applications processed during the fiscal year in which they are received	85%	85%	0%
	Average number of days to review company filings and applications	75	60	(15)
Through the Consumer Affairs Division in the Office of Licensing and Compliance, to assist consumers by investigating to conclusion, complaints against Life and Annuity (L&A) insurers and producers.	Average number of days to investigate to conclusion an L&A complaint	75	60	(15)
	Amount of claim payments/premium refunds recovered for complainants	\$1,000,000	\$1,000,000	\$0
Through the Life and Annuity Contract/Policy Forms Review Division in the Office of Licensing and Compliance, to pre-approve or disapprove all contract/policy forms within an average of 25 days.	Average number of days to process L&A contract/policy forms	30	25	(5)
	Percentage of L&A contract/policy forms approved	60%	70%	10%
Through the Fraud Division in the Office of Legal Services, to reduce incidences of insurance fraud in the state.	Percentage of initial claim fraud complaint investigations completed within 10 working days	85%	85%	0%
	Percentage of background checks completed within 15 working days	85%	85%	0%
Through the Office of Financial Solvency, to monitor the financial soundness of regulated entities by performing examinations (according to statutorily mandated schedules) and financial analysis each fiscal year.	Number of market conduct examinations performed	30	30	0
	Percentage of market conduct examinations performed as a result of complaints	27%	20%	(7)%
	Percentage of domestic companies examined	18%	18%	0%
	Percentage of domestic companies analyzed - financial	100%	100%	0%
	Percentage of companies other than domestic companies analyzed - financial	20%	20%	0%
Through the Insurance Premium Tax and Surplus Lines Tax Division of the Financial Solvency, to initiate collection procedures on all insurance premium taxes and related penalties owed the state for that fiscal year.	Additional taxes and penalties assessed as a result of audit (in \$millions)	\$1.50	\$1.50	\$0.00
	Percentage of surplus lines brokers examined	20%	15%	(5)%
Through the Consumer Affairs Division, conclude investigations of Property and Casualty (P&C) related complaints within an average of 80 days.	Number of days to conclude a P&C complaint investigation	90	80	(10)
	Amount of claim payments and/or premium refunds recovered for P&C complainants	\$2,700,000	\$3,000,000	\$300,000



Performance Measures

Objectives	Performance Indicators	Existing Performance Standards FY 2003-2004	Performance at Executive Budget Level FY 2004-2005	Executive Budget Over/Under EOB
Through the Forms Review Division of the Office of Property and Casualty Insurance, to pre-approve or disapprove all contract forms for use by consumers.	Average number of days to process P&C contract/policy forms	45	30	(15)
	Percentage of P&C contract/policy forms approved	35%	35%	0%
Through the Quality Management Division of the Office of Health, to investigate to conclusion consumer health insurance related complaints.	Average number of days to investigate to conclude a consumer health complaint	75	60	(15)
	Amount of claim payments/premium refunds recovered for health coverage complainants	\$2,000,000	\$2,000,000	\$0
Through the Contract/Policy Forms Review section of the Quality Management division of the Office of Health, to review health-related contract/policy forms, advertising and rates, and approve or disapprove them per applicable laws, rules and regulations.	Average number of days to process health contract/policy forms, advertising and rates	30	30	0
	Percentage of health contract/policy forms, advertising and rates approved	65%	65%	0%
Through the Health Quality Assurance Division, Medical Necessity Review Organization (MNRO) Section in the Office of Health, to review the licensing and applications and filings (new and renewal) and perform statutory examination of MNRO's.	Number of MNROs to be examined per statutory schedule (desk examinations)	15	66	51
	Number of MNROs examined	15	66	51
Through the Senior Health Insurance Information Program (SHIIP) to provide services and information about insurance and related subjects (Medicare, for example) to senior citizens throughout the state.	Estimated savings to counseled senior health clients	\$1,000,000	\$750,000	(\$250,000)
	Number of seniors receiving services (telephone, home-site, at fairs, group presentations, etc.)	18,000	19,000	1,000
Through the Office of Receivership, to bring to court-approved closure all estates of companies in receivership at the beginning of FY 2001 by the end of FY 2008, and to bring to court-approved closure within 5 years of their being placed in receivership all companies newly placed in receivership after July 1, 2001.	Number of companies brought to final closure	3	3	0
	Total recovery of assets from liquidated companies	\$20,300,000	\$16,950,000	(\$3,350,000)



Discretionary and Non-discretionary Expenditures Total Recommended Fiscal Year 2004 – 2005

Commissioner of Insurance	Description	General Fund	Total	T. O.
DISCRETIONARY				
Discretionary/Non-Exempt	Administrative	\$0	\$8,047,649	66
	Market Compliance	0	16,473,222	206
	Total	\$0	\$24,520,871	272
TOTAL DISCRETIONARY		\$0	\$24,520,871	272
NON-DISCRETIONARY				
ND - Required by Constitution	Administrative	\$0	\$63,507	1
	Market Compliance	0	42,338	0
	Total	\$0	\$105,845	1
ND - Unavoidable Obligation	Administrative	\$0	\$855,031	0
	Market Compliance	0	717,919	0
	Total	\$0	\$1,572,950	0
TOTAL NON-DISCRETIONARY		\$0	\$1,678,795	1
Grand Total		\$0	\$26,199,666	273

